

LAND BOARD AGENDA ITEM

May 16th, 2011

**MINIMUM BID FOR SALE OF LAND BANKING PARCEL # 582
LEWIS & CLARK COUNTY**

- Seller:** State of Montana, Department of Natural Resources and Conservation
- Nominators:** Parcel 582 – Lessee, Mark J. Pieloch
- Location:** Parcel 582 - is located 8 miles east of Craig, on the remote north fork of Stickney Creek.
- Property Characteristics:** Parcel 582 – The annual grazing lease on this parcel generates \$24.48. The commercial timber value of the parcel is marginal due to the location of the merchantable stands, relatively poor quality timber and the presence of rock outcrops. Development of the parcel for commercial harvest would require extensive road construction on adjacent private lands and line skidding on steep slopes. With very high to extreme development costs (if any viable route could even be located), and very low timber value (the MPB killed and blue stained Ponderosa Pine will never rebound in value), the tract, even though nearly 100% forested, is not a commercial forest management opportunity for the school trust.
- Access:** Parcel 582 - There is no legal public access to this parcel. The lands in Section 36, T16N, R2W are isolated by private lands. The BLM does own a parcel adjacent to the state parcel on the east side; however their lands are also land locked by private lands.
- Economic Analysis:** Short term – The rate of return on the sale parcel is 0% for Common Schools. They would continue to receive this return if the parcel is not sold.
- Long term – The sale of this parcel would result in acquisition of lands that generate a higher rate of return. To date the average annual rate of return on acquisitions has been 1.91%, on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

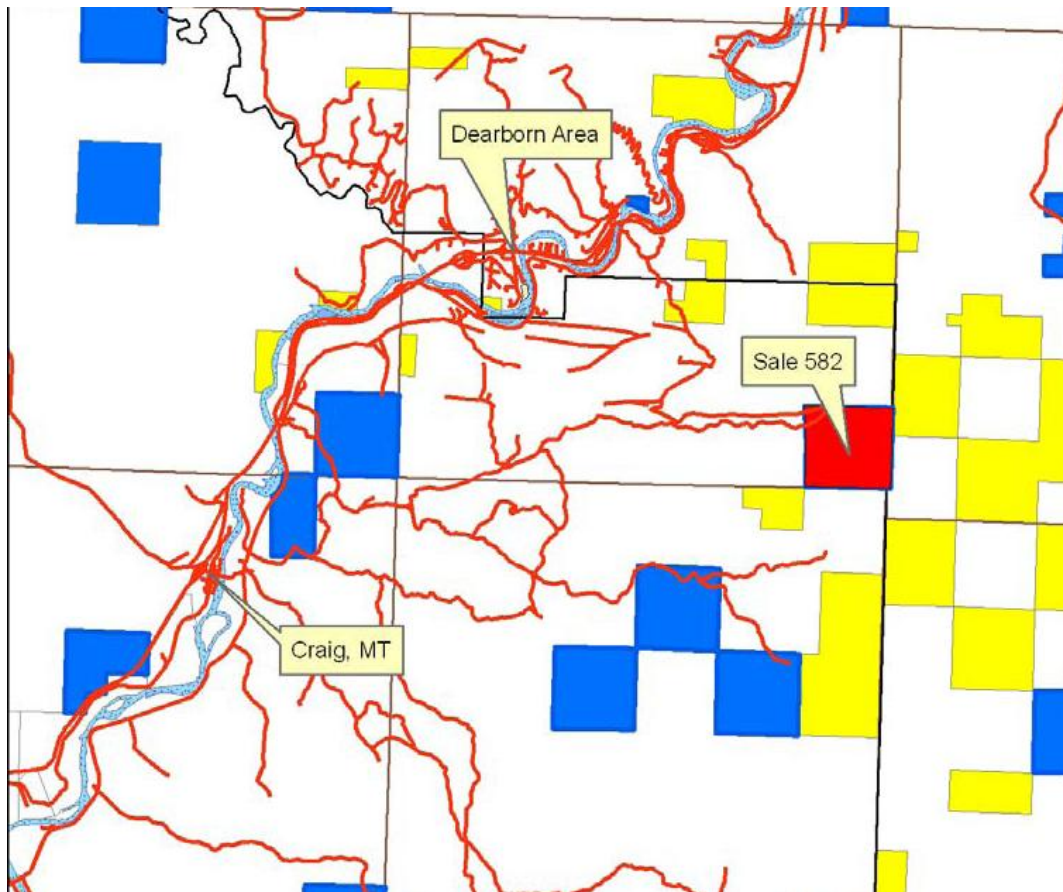
Section 36, T16N R2W was inventoried to Class III standards for cultural and paleontological resources in 2010. A formal report of findings (*Cultural Resources Inventory of Section 36, T16N R2W: Lewis and Clark County, Montana*) was prepared and is on file with the DNRC and the State Historic Preservation Office. No *Antiquities*, as defined under the Montana State Historic Preservation Act, were identified. The underlying geology does not include Judith River or Hell Creek Formations.

Agency Recommendation:

Since no market data was available to the appraiser at the time of the appraisal to support a value conclusion of the “as is” condition of no legal access, this parcel was only appraised under the hypothetical condition of having legal access. Based on the appraised value, the Director recommends the minimum bid amount as follows:

| Sale # | # of Acres | Appraised Value With Access | Appraised Value Per Acre With Access | Appraised Value Without Access | Recommended Minimum Bid | Trust |
|---------------|-------------------|------------------------------------|---|---------------------------------------|--------------------------------|----------------|
| 582 | 692.62 | \$485,000 | \$700 | N/A | \$485,000 | Common Schools |
| Total | | | | | \$485,000 | |

Sale #582 Location Map



Sale #582

